

Kentucky Agricultural Finance Corporation

Minutes of the December 7, 2007 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, December 7, 2007 at 10:00 AM EST in the Willow Room at the Galt House Hotel & Suites in Louisville, Kentucky. Tim Hughes, presiding, called the meeting to order. Mr. Hughes then asked Tracey Mulder, Secretary, to call the roll.

Roll Call

Members Present

Commissioner Farmer (Tim Hughes, designee), Bob Gaslin, Wayne Hunt, Larry Jaggars, Doug Lawson, Charles Miller, Frank Penn, Bob Proffitt, James Reams, Annette Crawford-Walters

Members Absent

Secretary Mike Burnside, Billy Joe Miles

Others Present

Staff – Keith Rogers, Bill McCloskey, Tracey Mulder, Cyndi Hall

Guests – Matthew Gajdzik, Shawn Mattingly, Billy Mattingly, Jim Mahan (left early)

Arrived late: Amanda Gajdzik, Kevin Trunnell, and Judith Trunell

Notification of Press

Mr. Hughes asked Ms. Mulder if media had been notified. Ms. Mulder stated that the media had been notified.

Review and Approval of Minutes

A motion to approve the October 5, 2007 minutes was made by Mr. Miller seconded by Mr. Hunt. The motion passed without dissent.

Executive Director's Report

- Mr. Keith Rogers stated that Governor Ernie Fletcher reappointed two members of the KAFC Board – Mr. Bob Proffitt and Mr. Doug Lawson. Both terms expire June 26, 2011.
- Mr. Rogers stated that he will be resigning from his position as Executive Director of GOAP as of Monday, December 10, 2007 and that a new Executive Director has not been named. Due to his resignation, he recommended that the new membership of the staff loan review committee be determined at the next KAFC Board meeting.
- Mr. Rogers gave a report of the status of the Task Force on the Future of Agriculture's Strategic Plan.

Director of Financial Services Report

Mr. Bill McCloskey called the attention of the Board to the financial status reports provided to them in the update folder (on file with Board Secretary) and reviewed the status of KAFC funds and loan activity.

New Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF07-0096 Willett, James R. – Applicants request \$100,000 for construction of four new poultry broiler barns in Graves County. US Bank is the participating lender. Staff recommends denial of loan approval because project was completed before application was submitted. **Doug Lawson moved to approve the staff recommendation. Mr. Reams seconded the motion. The motion passed without dissent.**

AF07-0099 Glenn, Wayne & Tammy – Applicants request \$33,900 for the renovation of six poultry houses on farm in Daviess County. Independence Bank is the participating lender. Staff recommends loan approval. **Mr. Hunt moved to approve the staff recommendation. Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0100 Wilson, Judith & Paul – Applicants request \$30,500 for construction of hay storage building and improvements to cattle handling facilities on farm in Fulton County. Jackson Purchase ACA is the participating lender. Staff recommends loan approval. **Ms. Walters moved to approve the staff recommendation. Mr. Proffitt seconded the motion. The motion passed without dissent.**

AF07-0101 Flood, Phillip Michael & Tracy – Applicants request \$100,000 for construction of a new poultry house on farm in Breckenridge County. South Central Bank is the participating lender. Staff recommends loan approval. **Mr. Lawson moved to approve the staff recommendation and instructed staff to strongly encourage the originating lender to secure FSA guarantee on the KAFC financing. Ms. Walters seconded the motion. The motion passed without dissent.**

AF07-0104 Rucker, James & Sue – Applicants request \$100,000 for construction of five tobacco barns to expand farm operation in Christian County. Planters Bank, Inc. is the participating lender. Staff recommends loan approval. **Mr. Hunt moved to approve the staff recommendation. Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0105 Heath, James C. & Penny – Applicants request \$30,000 for construction of a 40,000 bushel grain bin on farm in Graves County. Integra Bank is the participating lender. Staff recommends loan approval. **Mr. Penn moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

AF07-0106 Lax, Timothy W. & Teresa – Applicants request \$22,250 for construction of a tobacco barn in Calloway County. Jackson Purchase ACA is the participating lender. Staff recommends loan approval. **Ms. Walters moved to approve the staff recommendation. Mr. Jagers seconded the motion. The motion passed without dissent.**

AF07-0107 Hunter, Terry & J. Mitchell – Applicants request \$40,250 for construction of a 60,000 bushel grain bin on farm in Graves County. Heritage Bank is the participating lender. Staff recommends loan approval. **Mr. Reams moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

Beginning Farmer Loan Program – Discussion and Action

AF07-0098 Gajdzik, Matthew & Amanda – Applicants request \$25,000 for the purchase of 100hp tractor with loader for use on farm in Shelby County. Farm Credit Services is the participating lender. Staff recommends loan approval. **Mr. Hunt moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

Old Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF06-0084 Rector, Donald & Donna – Staff recommends loan extension of 120 days per request of originating lender. **Mr. Penn moved to approve the staff recommendation. Mr. Jagers seconded the motion. The motion passed without dissent.**

AF06-0087 Cornett – Staff recommends loan extension of 90 days per request of originating lender. **Mr. Miller moved to approve the staff recommendation. Mr. Lawson seconded the motion. The motion passed without dissent.**

AF06-0092 Brown – Staff recommends loan extension of 120 days per request of originating lender. **Mr. Gaslin moved to approve the staff recommendation. Mr. Lawson seconded the motion. The motion passed without dissent.**

AF07-0037 Grider, Ed & Betty – Applicants request \$38,000 for construction of a tobacco barn on farm in Adair County. Farm Credit Services is the participating lender. Staff recommends loan approval. **Mr. Jagers moved to approve the staff recommendation. Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF07-0056 D & H Farms – Applicants request \$95,000 for construction of two 180' x 80' tobacco barns on farm in Christian County. US Bank is the participating lender. Staff recommends loan approval. **Mr. Hunt abstained from the vote. Mr. Miller moved to approve the staff recommendation. Mr. Jagers seconded the motion. The motion passed without dissent.**

AF07-0062 Trunnell, Kevin & Judith – Applicants request \$76,500 for construction of a marketing facility in Daviess County to sell Kentucky grown products. Independence Bank is the participating lender. Staff recommends loan approval of \$25,447 based upon previous assistance from the Agricultural Development Board. **Mr. Penn moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

AF07-0069 Goode, Greg & Joyce – Applicants request \$25,000 for construction of a freestall barn for dairy operation in Casey County. Farm Credit Services is the participating lender. Staff recommends loan approval. **Mr. Jagers moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

AF06-0002 Kentucky Bio Processing – Mr. Rogers referenced a memo concerning the approval of a forgivable loan from the Agriculture Development Board (ADB) for Kentucky Bio Processing. **Ms. Walters moved to approve the staff recommendation allowing the ADB to take a mortgage on the Kentucky Bio Processing property, subordinate to KAFC. Mr. Proffitt seconded the motion. The motion passed without dissent.**

AF06-0061 Burton Livestock – Mr. Rogers referenced a memo concerning the request from Farm Credit Services of Mid-America allowing them to advance additional loan funds. This request requires KAFC to subordinate to this additional debt. **Mr. Miller moved to approve the staff recommendation facilitating this request. Ms. Walters seconded the motion. The motion passed without dissent.**

Other Business

Agricultural Infrastructure Loan Program - Discussion

- AF06-0085 Jones, Marvin & Wanda – Application was received, lender would not participate, loan application expired.
- AF07-0001 Myatt, Roy & Carolyn – Application submitted, no longer going to pursue, loan application expired.
- AF07-0018 Monroe, Chad & Cheri – Application withdrawn
- AF07-0034 Atherton, Duane – Application withdrawn
- AF07-0041 Rineyville Feed & Supplies, LLC – Lender informed KAFC that alternative financing had been secured. Application will be classified as expired and is being removed from consideration.

Agricultural Processing Loan Program - Discussion

- AF06-0025 McDowell Farms Salsa, LLC – Application expired
- AF07-0014 Jean Farris Winery & Bistro – Application expired

Beginning Farmer Loan Program - Discussion and Action

AF07-0089 Mattingly, Shawn & Wendy – Applicants request \$100,000 for purchase of 50% interest in a 131 acre beef cattle and tobacco operation in Washington County owned by Mr. Billy Mattingly (father of Shawn). Springfield State Bank is the participating lender. Staff recommends loan approval contingent upon the clarification of the business relationship between applicants and Mr. Billy Mattingly to the satisfactory approval of the Executive Director. **Mr. Miller moved to approve the staff recommendation. Ms. Walters seconded the motion. The motion passed without dissent.**

Closing Remarks

The motion to adjourn was made by Mr. Jagers, seconded by Mr. Hunt. The motion passed without dissent. The meeting adjourned at 11:50 am EST.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____